

Strategic Insight: Shelter in a Storm

The rise in trust of Term Deposits

July 2011

The RFI logo consists of the letters 'RFI' in a white, sans-serif font, centered within a dark blue square. The 'R' is stylized with a vertical bar on its left side.

RFI

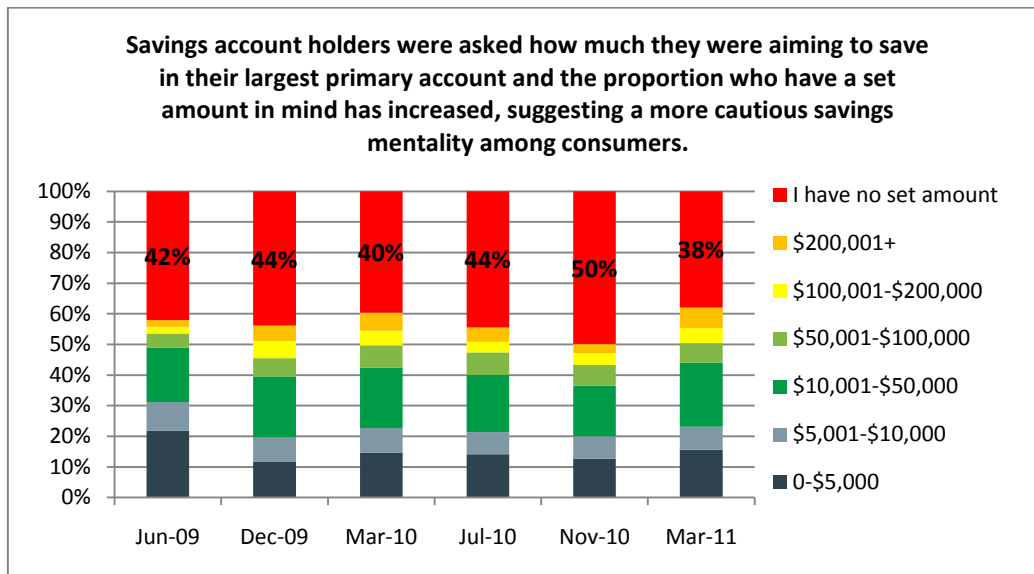
Intelligence
to bank on

Introduction

In the volatile times of the Global Financial Crisis (GFC), investors and consumers searched for the safest option for their money. Many of these people believed that deposit products offered them the best possible shelter from the GFC, and as such there was a flourish in the uptake of deposit products; in particular term deposits. Today, in an economic environment plagued by the effects of natural disasters, uncertainty over sovereign European debt and predictions that China will rely on Africa and Latin America for crucial commodities, term deposits are once again a safe haven for investors and consumers. Using historical and current data, this report examines the term deposit phenomenon, identifying the consumers and investors who are most likely to take out term deposits, and determining the product features most important to them. It will also discuss the continued need for banks to fight for term deposit customers and how to market them successfully amid a climate of falling interest rates.

Highlights

RFI data shows that economic issues plagued transaction account holders much more strongly in March 2011 than in November 2010, with levels of concern in March 2011 even surpassing those seen during the onset of the GFC in September 2009. As in previous times when confidence was low, consumers are beginning to turn to term deposits. In July 2010, 23% of surveyed savings account holders had a term deposit, a proportion which increased to 25% in March 2011. The MFI relationship once again comes through as a standout indicator for drivers for a term deposit choice, indicating that consumers are unlikely to take out a term deposit with an institution they are already not familiar with. Best practice from Quorum Federal Credit Union, USA, demonstrates how they successfully launched a campaign to increase their deposit base in spite of not offering the most competitive rates.



Features and Benefits

- Segmentation of TD holders allows you to get to know your customer by understanding the differing profiles of Term Deposit holders.
- Learn from case studies such as Quorum Federal Credit Union, USA who managed to increase their deposits even though they were unable to offer the most competitive Term Deposits rates.
- Understand satisfaction of TDs and look at why ING are rated so highly.

Key Questions Answered

- What are the top reasons for choosing a term deposit account?
- Given consumer sentiment is at its lowest, what are consumers now looking for?
- Who should be targeted to open future term deposit accounts?